STATE OF UTAH)
.ss.
COUNTY OF SALT LAKE)

I, the undersigned President and CEO of the Utah Housing Corporation, do hereby certify that the foregoing constitutes a true, correct, and complete copy of the minutes and resolutions duly and finally adopted by the Utah Housing Corporation at a duly convened Regular Meeting Held October30, 2014 at 1:30 PM at the Utah Housing Corporation, UT.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the corporate seal of said Corporation this 30th day of October 2014.

President & CEO

(SEAL)

UTAH HOUSING CORPORATION
Minutes of Regular Meeting
July 31, 2014

PARTICIPANTS

Trustees:	Staff:
Douglas DeFries, Chair	Grant Whitaker, President and CEO
Kay Ashton, Vice Chair	Cleon Butterfield, Senior Vice President and CFO
Mark Cohen, Trustee	Jonathan Hanks, Senior Vice President and COO
Lucy Delgadillo, Trustee	Kathy Crockett, Executive Assistant
Edward Leary, Trustee	Claudia O'Grady, Vice President of Multi Family
Lerron Little, Trustee	
Robert Whatcott, Trustee	

Trustees of the Utah Housing Corporation (UHC or Utah Housing) UHC staff, and guests met in a Regular Meeting on July 31, 2014 at 1:30 PM MDT via teleconference or at the offices of Utah Housing Corporation, 2479 S Lake Park Blvd, West Valley City, UT.

The meeting was called to order by Chair, Douglas DeFries. The Chair then determined for the record that a quorum of Trustees was present, as follows:

Douglas DeFries, Chair (in person)
Kay Ashton, Vice Chair (in person)
Mark Cohen, Trustee (in person)
Lucy Delgadillo, Trustee (via teleconference)
Edward Leary, Trustee (in person)
Lerron Little, Trustee (in person)
Robert Whatcott, Trustee (via teleconference)

The Chair excused the following Trustees:

Jon Pierpont, Trustee
Richard Ellis, Trustee

Grant S. Whitaker, President of Utah Housing, then reported that the Notice of the Regular Meeting was given to all Trustees of Utah Housing and that material addressing the agenda items had been distributed to the Trustees in advance of the meeting.

The President then acknowledged a Verification of Giving Notice, evidencing the giving of not less than 24 hours public notice of the date, time, place and summary of agenda of the Utah Housing Corporation Special Meeting in compliance with the requirements of the Open and Public Meetings Act, Section 52-4-202, Utah Code Annotated 1953, as amended; together with the form of Notice of Special Meeting referred to therein; and also the required public notice of the 2014 Annual Meeting Schedule of Utah Housing will be entered into the Minutes. Mr. DeFries began by welcoming the participating Trustees, staff and guests.

The Chair called for the first agenda item.

1. ***Approval of the Minutes of June 6, 2014 Special Meeting***

The President had provided each Trustee with a copy of the written minutes of the June 6, 2014, Special Meeting, and the Trustees acknowledged they had sufficient time to review these minutes. Mr. DeFries asked for any discussion on the June 6, 2014 minutes as presented.

Following any discussion, the Chair called for a motion.

Motion:	**To Approve the Written Minutes of the June 6, 2014 Special Meeting**
Made by:	**Mark Cohen**
Seconded by:	**Kay Ashton**
Vote:	**Unanimous approval**

The Chair called for the next agenda item.

2. ***Resolution 2014-11 Approval of Proposed Changes for 2015 Qualified Allocation Plan***

A RESOLUTION OF THE UTAH HOUSING CORPORATION AMENDING THE QUALIFIED ALLOCATION PLAN

Mr. Whitaker introduced Resolution 2014-11 a Resolution to amend the Qualified Allocation Plan. Utah Law established Utah Housing as the state's Low Income Housing Tax Credit Income ("Credit") "Allocating Agency." All allocations are made according to a Federally Mandated "Qualified Allocation Plan" (QAP). Very little guidance has been given by the Federal Government as to content of QAP. UHC's goal is a fair, equitable and open process. UHC is responsible to craft a QAP that in our judgment best serves the public purpose. The QAP contains the "program rules" that applicants, UHC and recipients of Credits must abide by. Demand for Credits always exceeds available amount making the rules doubly important. On March 24, 2014, UHC held a "Professional Input Meeting" inviting developers, investors, advocates, and government representatives. Prior to the meeting, we received updates of market evaluation studies performed by Jim Wood of the University of Utah Bureau of Economic and Business Research (BEBR) regarding Iron, Box Elder & Carbon Counties. His studies maintain there are significant demand deficiencies in Carbon and Box Elder Counties, and he suggested retaining the application restriction in those two counties, but he identified improving conditions in Iron County. His study for Iron County states existing credit projects are not getting full rents, but new projects likely could and that it might be time to lift the application restriction in Iron County. UHC Staff found that to be incongruous, as new projects could do harm to existing projects which are unable to collect the maximum permitted rents even though they have high occupancy. Staff believes keeping the ineligibility of Iron County for applications in place for at least for one more year made sense. Particularly, we don't know of any projects that would be coming in, so we don't think we will be harming any applicants, and for the existing Credit projects, this may do them good by giving them an additional year without additional competition and allow them to raise rents to a more sustainable level.

On June 12, 2014, UHC published the initial draft of the QAP on the UHC website. UHC sent a notice of that publication to the same group as was invited to the public meeting, informing them that the draft was posted on the website for review and information. A week later, UHC held a Public Hearing on June 19, 2014 which public hearing is mandatory under federal tax law. UHC received some input via email & conversations with UHC staff, but virtually none at the hearing. This is the second consecutive year that the public hearing was relatively quiet, leading UHC to believe that we are more in tune with developers and investors and vice versa. Mr. Ashton asked about the attendance for this meeting. Mr. Whitaker answered that the meeting is held in the UHC first floor presentation room and the room is full to capacity.

Mr. Whitaker went on to add that on July 9, 2014, the Tax Credit Committee consisting of Mark Cohen as Chair, and Lerron Little and Douglas DeFries sitting as members of the Committee met to review the draft QAP & proposed amendments. The Credit Committee's primary objective is to oversee the process and make note of staff decisions and make recommendations to UHC staff and ultimately to the Board of Trustees.

As always, a significant amount of amendments to the QAP are made each year that have different objectives and improvements in processes etc. UHC's responsibility was fulfilled to weigh all input in the construction of the QAP; however it is the ultimate responsibility of Utah Housing to develop the final QAP to be used. At the public meeting of the UHC Board held today, it is expected the 2015 QAP will be approved. Next, the QAP will be submitted to Governor Herbert for his approval which is also one of the federal mandates. Later today UHC will publish the QAP in draft form on the UHC website stating it is pending the Governor's approval so the developers can begin putting together their applications. Governor Herbert usually approves QAP sometime in August. UHC will conduct application training (and Credit training). One or both are mandatory for some parties during the waiting period.

The application deadline is close of business on October 6th. Following receipt of the applications, UHC Staff will review the applications that will take about 45 days. Staff will initially review all applications for mandatory requirements, so we know which applications meet the threshold requirements and are eligible for further review. In past years, we have had some applications denied for not following the requirements set forth in the application process. There are no second chances to correct an application or submit missing documentation. The application process is a onetime process until the following year. The Tax Credit Committee will meet late in November or early December to review staff processes and recommendations of the awards. The Board will approve awards of 2015 Credits in a public meeting during the first half of December.

Mr. Whitaker continued on by noting that the QAP provides that awards are made on the basis of self-scoring applications for those that meet threshold requirements and may then be eligible for points claimed by the applicants. The process requires UHC to award Credits to highest scoring conforming applications within the pools the applications are eligible for. He said there likely will be some tightly packed application scores that will come in with not a lot of differential in the competitive application process. Mr. Whitaker noted that UHC has an application appeals process that was updated a few years ago.

Mr. Whitaker turned the time over to Mr. Mark Cohen, Chair of the Tax Credit Committee. Mr. Cohen provided his thoughts about the most recent Tax Credit Committee Meeting held on July 9th He noted that although there were many changes in number, there were not many substantial changes to the QAP. He also pointed out that for the past few years the law permitted a full flat 9% tax credit rate, however that provision expired after the last round of awards There are discussions in Congress and urged by many who have interests in the program to bring back the flat 9% and even a flat 4% on rehabilitation projects and those financed with tax-exempt bonds. Later in the year Congress might put that legislation back in place. Mr. Cohen noted that in his opinion the QAP is working well.

A discussion ensued regarding the floating rate and its effect on the amount of equity each project can raise from the syndication of the Credits. Ms. O'Grady noted that the floating rate is based on an index that causes the rate to fluctuate, and this month the rate is approximately 7.5% for the 9% credits and approximately 3.25% for the 4% credits. Mr. Cohen noted that the fixed rate goes back to 1986 but that it was amended in the early 90's and since then, the rate has floated up and down. Mr. Hanks said that the rate in August will determine the rate for QAP applications for this year because it needs to be published in the QAP.

Mr. Cohen then turned the time over to Mr. Hanks for additional comments.

Mr. Hanks reviewed Exhibit A of Resolution 2014-11 which is a brief description of the proposed changes to the 2015 Qualified Allocation Plan. Mr. Hanks reviewed the proposed changes to the QAP. He stated that we have a full copy of the 2015 QAP for anyone who wished to review the changes in context during or after the board meeting.

Mr. Hanks said that one main item changed in the QAP is the restriction of the number of projects a developer can have open at one time. If a developer has 2 open projects that have not been "Placed in Service" meaning the project units have not yet received a certificate of occupancy (COO), they are eligible to make an application this year. If a developer has 3 open projects, that developer would not be eligible to submit a project application. Reasons for this change are to spread the Credit opportunities around to other developers and to limit the risk of a loss of the resource because of developers having too much they are working on and not able to manage and complete projects. Mr. Cohen noted that sometimes things are beyond the control of a developer, i.e. weather, that can prevent them from obtaining a COO. Ms. O'Grady clarified that the QAP provides verbiage regarding a temporary COO allowing the developer to qualify for the determination of Placed in Service in these instances.

Mr. Hanks then described the change to the point structure for different types of amenities allowing for more points when the cost of the amenity is higher. For example, covered parking is more costly than a tot lot and would be, and therefore eligible for more points.

Ms. Delgadillo asked a question regarding removing the required letter for a service provider regarding ADA units. Mr. Whitaker explained that the purpose of removing the required letter is that a certain number of ADA units are mandated for each project, but that they are not special needs units requiring the support of a service provider, as many occupants are self-sufficient. ADA units often have bigger showers, bigger doors and low thresholds. The special needs we identify do require outside support providers, and for those we require a service provider's letter of support to assure the residents are not placed in a residence beyond their capabilities.

Mr. Whitaker recommended that Resolution 2014-11 be adopted.

Mr. DeFries then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: **To Approve Resolution 2014-11 Amending the Qualified Allocation Plan for 2015**

Made by: **Kay Ashton**
Seconded by: **Lerron Little**

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Lucy Delgadillo	No interest to disclose

Lerron Little	Yes, as filed with UHC
Robert Whatcott	No interest to disclose
Edward Leary	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing that it includes current pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Mr. DeFries called for a vote on the motion:

Vote: **Approved Unanimously**

The Chair called for the next agenda item.

3. ***Resolution 2014-12 Implementation of the Mutual Close Program Pilot***

A RESOLUTION OF UTAH HOUSING CORPORATION AUTHORIZING THE ESTABLISHMENT OF THE MUTUAL CLOSE PROGRAM PILOT AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND RELATED MATTERS.

Mr. Whitaker introduced Resolution 2014-12. Mr. Whitaker commented that for some time nonprofits entities working with self-help housing programs have had difficulty funding the needed construction loans. The Mutual Self Help Housing Programs are those where communities of people come together to build homes in a subdivision where buyers put in a certain amount of hours per week toward the building of their own home and the homes of their new neighbors. In past years this program has been successful in Northern Utah, particularly Cache County. Similarly some small governmental entities in rural areas sponsoring some rehab programs for homebuyers have had a lack of funding resources. Buyers are willing to purchase homes that need a lot of repairs, but the financing of the repairs along with the purchase of the home has become difficult.

On a larger scale, but not being addressed here, small builders often have trouble getting construction financing. This is a national problem. The National Home Builders Association approached the National Council of State Housing Agencies (NCSHA) to develop a program, but it does not seem to have the necessary traction to move forward at this time. This is something that may grow from the Mutual Close Pilot Program, however it is not the staff's intention to compete for business that is done by the banking industry, nor do we want to become a lender of last resort.

This effort as a pilot program is expected to aid about 25 qualified home buyers taking a UHC permanent loan for pre-sold homes and who are participating with a nonprofit or governmental entity. The pilot will also include one small builder who has built homes under our CROWN or ECHO programs. As a pilot program, we would commit up to 5 million dollars which may take about two years to fully commit and be returned when the home buyer closes on the first mortgage. UHC is interested in funding these temporary loans with sources outside of UHC's fund balance, including the possibility of partnering with some of the Industrial Banks that might be interested in CRA credits for their organizations. Mr. Whitaker reiterated that this is not for "spec-built" homes, and the homebuyers are prequalified for UHC permanent loans. Mr. Whitaker then asked Jonathan Hanks, UHC's COO, to provide more detail.

Mr. Hanks commented that UHC has been looking at this option for about 3 years. Our Housing Development group has been involved in developing the outline of the Mutual Close Program parameters. This is the UHC department that has administered the Credits to Own (CROWN) "Rent-to-Own program and Educationally Constructed Housing Opportunities (ECHO) program for student built housing.

Mr. Hanks gave a brief history of the rural self-help program in northern Utah and difficulties with funding sources they have experienced, primarily due to funding cutbacks to the US Department of Agriculture's Rural Development program. Mr. Hanks continued to explain that funds have been pared back effecting the Mutual Self Help Housing Program sponsored in Cache County by the Neighborhood Nonprofit Housing Corporation. These cutbacks also effected the efforts of the Six County Association of Governments headquartered in Sevier County who wanted to get involved with Rural Development's mutual self-help program, but Rural Development would not approve a new construction program there, although they were approved for the rehabilitation program.

He stated that our Vice President of Mortgage Banking, while in St. George, heard that builders there were having a difficult time obtaining construction financing and land purchase money for affordable housing. After further inquiries to builders and finance experts, plus research into this type of financing, UHC posted a public notice on our website and placed notices in newspapers throughout the state indicating that UHC might be able to provide lending capacity to a nonprofit and/or small builder.

Feedback was received from several entities and interest was indicated in this type of program. Some of the feedback indicated that UHC should buy several acres of land for development, but that is not what the intent of this program is. Some small builders who wished to build one to three homes in rural areas had difficulty in getting the financing.

Under this proposed program UHC would contract with and make a small number of construction loans to the builder entity and commit to purchase the long term loans made to the prequalified homebuyers before construction begins. The builder and the homebuyer and UHC would set up an agreement that in the event the builder was unable to finish the construction of the home, then UHC would step in for completion of the home. In the event the homebuyer is unable to complete the purchase of the home, UHC would have the option to purchase and market the home. In order to mitigate the risk, the buyers would be prequalified by a UHC approved lender for a permanent UHC loan under one of its appropriate loan programs.

Ms. Delgadillo asked about the definition of rural areas for this program. Mr. Hanks answered that the QAP, contains definitions for-non metro area is an area that is smaller than 50,000 in populations. He noted there is a need in Cache County and Washington County for this program but neither area fits the QAP definition of non-metro. It will be essential to develop definitions that might exclude the Wasatch Front. Ms. Delgadillo and Mr. Whatcott each indicated their respective counties of Cache and Washington were not designated as non-metro, however large portions of the counties have all the characteristics of rural areas.

Mr. Little asked what the expected duration of the pilot program would be. Mr. Hanks commented that the pilot phase expectation is 2 years. In the next 6 to 9 months, UHC will work to finalize details for this program and work through the legalities. The Board will be updated as progress is made. Mr. DeFries asked for clarification of the expectations at the end of the two years. Mr. Hanks explained that at the end of the 2 years, there may be monies left in the fund. In that event, there may be a request to the Board for an extension of the pilot program. Mr. Cohen asked about putting limitations on concentrations on any developer and by location in the state. Mr. Hanks noted that potential issue is addressed in the Executive Summary, "Cumulative loan limits will apply to any builder". Mr. Cohen noted that in all fairness to all builders we might cap the number of homes to be built in any one specific area or have a specified time for performance. In the following year, or the end of the period open up the program again to other builders and if there is no interest, reopen to previous builders for that specific community. Mr. Hanks responded that in order to help minimize that risk under the pilot program, UHC will use builders with whom it has existing relationships already established; i.e.: those that have participated in the CROWN and ECHO programs. Mr. Cohen asked where the ECHO program is active. Mr. Hanks said that it is presently active in Tooele, West Valley City and Davis County. We might find builders who are willing to work in the rural areas even though they live in a metro area where they participated in the ECHO program. Mr. Cohen asked about how many builders that would be in the potential pool from both programs. Mr. Hanks replied probably 15-20. Mr. Cohen asked about the potential for the program being a more permanent program, with UHC having put a lot of work into developing the pilot. He wondered about using a local bank as the manager or the administrator of the program and let UHC act as the Guarantor or purchaser of the loans. Mr. Hanks replied that we have not looked into that as a possibility, but the banks are where builders are having difficulty acquiring loans on their own. The nonprofits have also had that problem.

Mr. Ashton wondered if UHC had the staff to handle the inspection process throughout the state, and would we be better off having community banks act as the manager and provide oversight. Mr. Hanks said that this is where the nonprofits come in, as they would provide much of the construction oversight on the mutual self-built homes, which is expected to be the larger portion of the pilot program. He said that as we work through the pilot, and see if a bigger statewide program is warranted, we can look at all those alternatives to have the involvement of community banks as managers, for example the concept of UHC purchasing or guarantying the loans. He said we do not expect this to become too big, but if it does it may be beyond the capacity of our small Housing Development Department. At the expected pilot size, it's not beyond the capability of our current staff who have handled this type of volume in the past.

Mr. Whitaker commented that we have experienced staff in place to take on this pilot program, which is what the Resolution is addressing. For example, UHC has a person onboard that manages the construction of CROWN and ECHO homes and another person who assists him.

Mr. Hanks said that the 25 homes expected over a two year period are well within the scope of work performed in the past by our staff. Our current infrastructure is adequate to do the pilot, as we have staff who are accustomed to evaluate the strengths of builders and the capacity to underwrite projects.

Mr. DeFries asked if the staff was familiar with and utilized the state's Construction Registry regarding liens. Mr. Hanks responded that we do use the Construction Registry.

Mr. Little inquired about the concept of a one-time close. Mr. DeFries noted that this process would require both loans to be made to the home buyer.

Mr. Ashton commented on potential qualification issues posed at closing, citing how this was a big factor before the recent recession. The problem then was home prices dropping while the construction was taking place and then the appraisal coming in too low before closing. He said he thought the bigger factor in the near future is the possibility of a buyer not being able to qualify due to an interest rate hike during construction. Mr. Hanks noted that UHC would build in a rate buffer of about one-half percent to help insure qualification of the buyer at the time of the closing. Mr. Hanks noted that Mr. Ashton had wondered during the committee meeting if there were funds at higher rates remaining in old bond issues that might be used. Mr. Hanks said there are some funds as low as 4.75% that might be recycled into new loans.

Mr. Cohen asked if we are then not locking in a long term rate at construction. Mr. Hanks said that we are not, but part of the hedge can be the recycling of the bond funds and qualifying the borrower at a rate about one-half percent higher than current rates at the beginning of construction. Mr. Hanks said that is a risk we are taking, that rates will rise during construction. Mr. Ashton noted that is the risk on every construction loan being made right now. Mr. Cohen said that this is one of the reasons construction is slower. He said handling the interest rate risk as Utah Housing can do is going to be much better than taking a house after construction and trying to sell it.

Mr. DeFries noted that Utah Housing is in a very good position to handle these interest rate risks. He noted that the huge demand for subcontractors is now requiring that they be paid immediately after you check the Construction Registry system to assure that there is no lien notice filed and if it's past the date when they can file, then they receive electronic funds, because they won't wait for a lien waiver check to be issued. He said the lien laws have changed so that the onus is now on the subcontractor to file a notice or a lien, and they cannot do it behind you so this system gives greater confidence to pay immediately with electronic funds if the lien periods have passed. He asked if Utah Housing was paying electronically now. Mr. Hanks said we are not. Mr. DeFries suggested that we should look into that because it will be essential.

Mr. Ashton said as Chair of the committee, he was very supportive of the program, but he asked Mr. DeFries if this program has the potential to compete with the banks who are making these types of loans. Mr. DeFries answered that his bank makes these types of loans all the time for pre-sold homes based on the strength of the home buyer, who has prequalified, but not for self-built types of transactions and not on the basis of the strength of the builder.

Ms. Delgadillo asked if the self-help program homes take longer to build. Mr. Hanks said that they do take longer, because each home buyer is expected to put in 300 hours of time into the construction, and they help others in the subdivision to build their homes too. Mr. Ashton observed that at the same time they are probably working a full-time job that they don't want to lose. Ms. Delgadillo asked about the average amount of time to build the home. Mr. Hanks answered that 9 months is the average for the self-help program. He said that when these are being done in a cooperative way as they do with Neighborhood Nonprofit Housing Corp., no one can move into their home until all homes are ready to be occupied, so that is one of the factors of why it takes that long. Mr. DeFries said a production builder can complete a typical home in about three to four months, but regular builders might be about six months.

Mr. Ashton noted that because of that longer time frame Utah Housing is at more risk, and that was why he inquired about options to hedge interest rates. He said that builders and subcontractors are also wary of rates, and that one of the reasons homes are completed as quickly as they are. Mr. Little noted that UHC has a monthly inspection fee that will also encourage the completion of the homes faster.

Mr. Whitaker recommended that Resolution 2014-12 be adopted.

Mr. DeFries then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion:	**To Approve Resolution 2014-12 Approving Mutual Close Program**
Made by:	**Lerron Little**
Seconded by:	**Lucy Delgadillo**

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Lucy Delgadillo	No interest to disclose
Lerron Little	Yes, as filed with UHC
Robert Whatcott	No interest to disclose
Edward Leary	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing, that it includes current pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Mr. DeFries called for a vote on the motion:

Vote: Approved Unanimously

The Chair called for the next agenda item.

4. ***Resolution 2014-13 Approving FY 2014-15 Business Plan, Staffing Plan and Budget***

A RESOLUTION OF THE UTAH HOUSING CORPORATION ADOPTING THE FY 2014-15 GOALS, STRATEGIES, AND BUSINESS PLAN OBJECTIVES; THE FY 2014-15 STAFFING PLAN; AND THE FY 2014-15 GENERAL ADMINISTRATIVE AND MORTGAGE SERVICING BUDGETS.

Mr. Whitaker introduced Resolution 2014-13 approving the next fiscal year Business Plan, Staffing plan, and proposed 2014/15 Budget. The business plan has been developed with the input of each department head. Feedback was asked for objectives that are meaningful, challenging, achievable, and mission based. They were also asked to report major accomplishments that were not included in the Business Plan for last fiscal year. Mr. Whitaker described the proposed Staffing Plan of 93 employees, noting that 4 positions are new and 1 position was not filled last year and said this is the smallest increase in several years.

Mr. Whitaker said while he did not want to review all the accomplishments of the past year, there were a few that he highlighted as being significant, especially those that were not a part of the Business Plan. Those he included were (1) netting an extra $450,000 in premiums on the sale of Ginnie Mae pools that were tailored to allow the investor to take advantage of the CRA rules for serving people of lower incomes, (2) UHC's Vice President of Servicing spearheaded a servicing conference geared exclusively to HFAs servicing their own loans, in conjunction with NCSHA and HUD, (3) the imaging and indexing of 38 years of UHC board meeting agendas, minutes and resolutions and delivering the same to the State Archives Division for permanent safekeeping, and (4) the successful testing of an electrical generator running the entire building operations at peak loads so as to test that we have power in case of an electrical outage.

Mr. Whitaker pointed to the Business Plan for FY 2014-15and certain specific objectives. Special notation was made regarding the (1) the FHA Multifamily Risk Share Program in conjunction with the Federal Financing Bank, (2) researching the Fannie Mae HFA Preferred Loan Program for single family home ownership (3) the migration plan of the general ledger system to a new system along with peripheral systems to enhance it, and (4) the implementation of routine vulnerability testing of UHC's network and firewalls to protect and safeguard our clients' personal and financial data for potential breaches.

Mr. Whitaker turned the time over to Mr. Butterfield. Mr. Butterfield reported on the financial results for fiscal year 2013-14. UHC produced $540,000,000 in single family loan production compared to the prior year of $530,000,000, and it was the third consecutive year that set a new record was set. He pointed out that $50,000,000 was in the new tax-exempt HOMES program. One main challenge with the HOMES program, was finding investors. He said, going forward now that investors seem to be plentiful, we are projecting $200,000,000 to $250,000,000 in HOMES production for the next year. The program is hedged just as we would hedge a TBA, then packaged and converted into a Ginnie Mae MBS within a tax-exempt trust.

Mr. Butterfield addressed the Analytical Review of Projected Statement of Revenue and Expenses. This document reviews how the various programs mix together to create projected revenue for 2014-15. Mr. Butterfield provided an in-depth explanation of the materials provided to the Board.

Mr. Butterfield went on to further discuss UHC MBS sales for the past year and the projected revenue from them for the next year. Mr. Cohen asked for clarification on the decrease of premiums. Mr. Butterfield noted that the decrease is simply a projection based on the five year premium average of 4.0% compared to this past year's actual of 4.6%. This is consistent with previous projections. Mr. DeFries noted that based on past performance and projected revenue for 2014-15, UHC is on track to do better than the projected budget. Mr. Little asked whether the extra percent premium on HOMES was expected this coming year and had that been included in the projection. Mr. Butterfield answered the higher premium is expected, but it was not factored into the past five year average. In addition, there are costs of issuance related to HOMES that reduce the net premium from 1% to something less than that.

Mr. Butterfield reviewed the General and Administrative Budget and the Mortgage Servicing Budget. In terms of the overall budget the increase is $651,300 or 7.9% over last year's budget. The main areas for budget increases include consulting services for items such as the valuation of servicing rights, quality control in loan review and servicing, IT enhancements for vulnerability testing, and legal expenses for the MCC program and litigation. Capital expenditures for hardware, software, office equipment, an automobile will be lower by approximately 34%. Mr. Cohen asked about the large difference in percentage increase for fringe benefits compared to the smaller increase for salaries and wages, wondering why they are not the same. Mr. Butterfield stated the primary reasons for the increase that make the benefits section grow faster than salaries is due to increases in FICA, life insurance premiums and a large retirement contribution increase required by the State Retirement System. He said, the Retirement System is demanding an increase of 2% in contributions toward the pension system, and that is for all employees, not just new hires.

Mr. Whitaker recommended that Resolution 2014-13 be adopted.

Mr. DeFries asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: **To Approve Resolution 2014-13 Adopting FY 2014-15 Business Plan, Staffing Plan and Administrative and**

Servicing Budgets as Presented.

Made by:	**Mark Cohen**
Seconded by:	**Ed Leary**

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Lucy Delgadillo	No interest to disclose
Lerron Little	Yes, as filed with UHC
Robert Whatcott	No interest to disclose
Edward Leary	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing, that it includes current pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Mr. DeFries called for a vote on the motion:

Vote: **Approved Unanimously**

The Chair called for the next agenda item.

5. ***Other Items of Business***

Cleon Butterfield and Jonathan Hanks reviewed the operating reports to the satisfaction of the Trustees.

Mr. Whitaker discussed the upcoming Annual Conference of the National Council of State Housing Agencies, and a possible date for the UHC annual Board Retreat expected to be held in May, 2015.

Mr. DeFries, the Chair, hearing no other business called for a motion to move into an executive session.

Motion: **To Move into an Executive Session to Discuss the Character and Competence of the President**

Made by:	**Ed Leary**
Seconded by:	**Kay Ashton**

Vote: Approved Unanimously

The Trustees met and engaged in a discussion of the President's competence, performance, salary and benefits. Following those discussions, the Trustees approved amounts which were disclosed to the President and confirmed in a written communication signed by the Chair.

Following that session The Chair announced that the meeting was adjourned.